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Economic Research Service

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A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

CURRENT INTELLIGENCE STAFF CREATED

A Current Intelligence Staff (CIS) is being created and will be attached to ERS's Office of the Administrator. The CIS will provide central direction and coordination for the ERS outlook program, particularly those aspects of the program that cross branch and division lines. The size of the staff will be small enough to ensure that it does not compete with or duplicate work currently being done in the domestic commodity, foreign country, natural resource, and economic indicator areas. The staff's emphasis will be on ensuring that the outlook work done in the various areas of ERS is complementary and that the individual outlook pieces are integrated to provide a sectorwide perspective on the food and agricultural outlook.

The CIS will be responsible for the following tasks:

- overall direction of ERS's outlook program, particularly those aspects of the program that require cross-branch and cross-divisional activities;
- coordination of ERS's monthly **Food and Agricultural Update** and **Agricultural Outlook** magazine.
- coordination of outlook-related staff analyses, particularly analyses involving cross-division and cross-branch input;
- coordination of relations with other USDA agencies, such as the World Agricultural Outlook Board, involved in outlook work and outlook-related staff analyses; and
- coordination of ERS's medium-term outlook work including semiannual baseline assessments of prospects for the sector for the next 5 to 10 years.

COLLINS NEW NED DEPUTY DIRECTOR

Photo by Carolyn Riley



Keith Collins is the new Deputy Director for Policy and Staff Analysis, National Economics Division (NED). He has a B.S. from Villanova University, an M.A. from the University of Connecticut, and a Ph.D. from North Carolina State University.

Collins has been with ERS since 1977. He has worked mainly in the area of commodity analysis, including quantitative modeling of commodity markets and forecasting. He was previously Leader, Supply, Demand, and Price Analysis Section, Crops Branch, NED and Acting Chief of the Crops Branch. Collins received the ERS Administrator's Special Merit Award in 1985 for exceptional staff analyses.

UPCOMING PROFESSIONAL MEETINGS

- | | |
|------------|-------------------------------------------------------------------------------------------|
| May 9-11 | Southern Regional Science Association annual meeting, Washington, DC. |
| June 24-26 | Northeastern Agricultural and Resource Economics Association annual meeting, Amherst, MA. |

BEEF MARKETING

ERS economist Larry Duewer has examined whether the trend to cutting beef earlier in the marketing channel is likely to continue. He compared retail chain costs and returns for 10 different ways of handling beef. Retail firms can buy carcasses and cut the beef at their warehouse or deliver carcasses to their stores. Retailers can also buy boxed beef in carcass or less than carcass portions. A new purchase alternative now becoming available is to buy beef already trimmed and cut directly from the packing plant. Called tray-ready beef, it has the retail cuts reassembled as subprimals, vacuum packaged, and boxed. The store then does the packaging for retail sale.

Duewer found that it costs less for retailers to buy carcasses and cut and package fresh cuts at their warehouse before delivery to the retail store. But when returns are also considered, boxed beef in noncarcass portions and tray-ready beef take the lead.

Cutting beef earlier in the marketing channel allows retailers more marketing flexibility. The amount and cost of labor needed at the different stages also shift significantly.

ANALYSIS OF BROILER INDUSTRY LOCATION

ERS economist Edward Easterling analyzed cost differences in producing, processing, and distributing broilers using a linear programming model. He compared locational concentrations on the Delmarva Peninsula, in the Southeast, and in the West with potential Midwest sites. He found very little difference between the model's least-cost location pattern and the actual pattern that exists; 88 percent of the broilers are produced in the Southeast.

Optimal solutions do not indicate that cost pressures would cause the broiler industry to shift or expand into the Corn Belt. However, expansion in the

West to supply that region's own consumption appears feasible. Results of the analysis will be used to improve the broiler costs and returns data series and in further work on the structure of the broiler industry.

HISTORY OF FEDERAL MEAT INSPECTION

Relocation of the livestock industry and increasing volume of processed meat products and animals slaughtered forced a speedup of inspection lines, frequently when the inspection staff was insufficient. The Wholesale Meat Act of 1967, which expanded Federal inspection coverage, has led many State systems to become part of the Federal system. Meanwhile, repeated attempts have been made to make the system cover its costs through fees for services.

A recent ERS study covers the origins, developments, changing techniques, and response to changes in the meat industry due to the meat inspection program. It also examines the interaction between industry, States, Congress, USDA, and organizational changes to implement the program.

The study concludes that, in general, the meat and poultry inspection service has provided the U.S. consumer with wholesome food. However, there have been violations of the legislation and regulations. The service has to become more flexible to meet industry changes.

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ADMINISTRATOR'S LETTER

The annual ERS planning conference was held March 27-29. The conference was attended by the ERS division directors, their associate directors, some members of my staff and myself, as well as Allan Johnson, Director of the Economics Management Staff, and Raymond Hancock, Deputy Administrator of the Statistical Reporting Service. Each year, the purpose of this conference is to assess our current program and make some plans for the next few years.

This year, we were very fortunate to have Robert Thompson, Assistant Secretary Designate for Economics, attend part of the conference. Bob is already knowledgeable about ERS due to his time spent here as a visiting professor and at the Council of Economic Advisers as Senior Staff Economist for Food and Agricultural Policy. However, I think it was useful for him to gather additional information about the breadth and depth of the ERS program early in his tenure here. And, it was useful for us to have a chance to explore some of his views about how ERS works and where it ought to be going. I would like to use this space to report to you on his comments.

Bob's general focus was on excellence in ERS. He emphasized his respect for the high quality of the ERS staff and the high quality of much of the work produced here. Maintaining and improving the quality of ERS output is one of his major concerns.

He believes that the general public is one of our most important audiences, and, because of that, he wants us to take very seriously our responsibility to improve the general level of economic education. In order to do that, he suggested that the quality of communication in our work must be very high--higher than it is now.

At the same time, he would like to increase ERS's credibility with the university community. He suggested that we should be better represented in scholarly journals and solicit broader peer review of ERS work. In addition, he suggested that we should emphasize our relative strengths in our relationships with the universities; and he believes those strengths lie in the quantity and quality of our data, our global perspective, and our access to the policy process.

He spent some time discussing ERS's role in providing policy analysis, both short and long term. He feels that it is critical for staff work done in ERS to be excellent. But, he noted that staff work should not drive or crowd out the research program; instead, staff work should reflect the high quality of the research base. And, he said he wants to improve ERS's reputation for objectivity. As long as the quality of work is high, there will be no interference with research results. However, he did note that we might occasionally run into timing problems with the release of some of our work. His intent is to minimize that problem. We can help by getting our policy analysis out early in the decisionmaking process, when it can be most effective.

Bob also discussed a variety of issues that he thinks we need to be addressing. We will be working with Bob and with the ERS staff to get work done in a number of critical areas.

We were very pleased that Bob was able to participate in the planning conference. I believe his participation provided a strong base on which we can build in the coming months.

John Lee

**COYLE TO HEAD EAST ASIA
AND OCEANIA SECTION**

William Coyle is the new Leader, East Asia and Oceania Section, Asia Branch, International Economics Division. He has a B.A. in political science from Williams College (Massachusetts) and an M.S. in agricultural economics from the University of Tennessee. Coyle was a Peace Corps Volunteer in Colombia in 1970-72.

He has been with ERS since 1977 with responsibility for analysis and research on Japanese agriculture and U.S.-Japanese agricultural trade. In 1982, Coyle received the Administrator's Special Merit Award for research on the Japanese feed-livestock economy, and he shared in a group award for analysis of export prospects for high-value farm products. He was at Australia's Bureau of Agricultural Economics during 1983-84 as the ERS participant in a continuing exchange program.

Photo by Carolyn Riley



LANDES TO HEAD SOUTH ASIA SECTION

Maurice Landes is the new Leader, South Asia Section, Asia Branch, International Economics Division (IED). He has a B.S. in international affairs from Georgetown University and an M.S. in agricultural economics from the University of Tennessee. Landes served as a Peace Corps Volunteer and trainer in India during 1971-74.

He has been with ERS since 1979, initially in the Economic Development Division conducting research on rural employment. Landes transferred to IED in 1980, assuming responsibility for analysis and research on India. Subsequently, he has had a major role in planning and carrying out analyses on food aid needs in developing countries. Landes received the Administrator's Special Merit Award in 1985 for outstanding situation and outlook work. In 1981, he shared in group awards for analysis of food aid needs and a study of employment patterns in rural Kentucky.

Photo by Carolyn Riley



NOTICE TO ERS COLLEAGUES

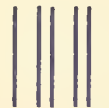
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